



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 5235 (Substitute S-1 as reported)  
Sponsor: Representative Barb Byrum  
House Committee: Insurance  
Senate Committee: Economic Development and Regulatory Reform

### **CONTENT**

The bill would amend Chapter 38 (Medicare Supplemental Policies and Certificates) of the Insurance Code to revise requirements pertaining to Medicare supplemental insurance policies (also called Medigap policies). The bill would do the following:

- Establish new policy standards that would apply to all Medigap policies or certificates delivered or issued for delivery with an effective date on or after June 1, 2010.
- Specify that current Medigap policy standards would apply only to Medicare supplement policies or certificates delivered or issued for delivery on or after June 2, 1992, with an effective date for coverage before June 1, 2010.
- Eliminate certain Medicare supplement plans and add others.
- Eliminate requirements for at-home recovery benefits and include a new hospice-care benefit as a core benefit in every Medigap plan.
- Establish requirements for a "2010 standardized Medicare supplement benefit plan" (a Medigap policy with an effective date for coverage on or after June 1, 2010).
- Establish requirements for the exchange of a "1990 standardized Medicare supplement benefit plan" (issued on or after June 2, 1992, with an effective date for coverage before June 1, 2010) for a 2010 standardized plan.
- Specify that an insurer would not have to justify to the Commissioner of Financial and Insurance Regulation if the insured replaced a 1990 plan with a 2010 plan.
- Prohibit an insurer from applying new preexisting condition limitations or a new incontestability period to a new Medigap policy for benefits contained in the exchanged 1990 standardized policy, but allow preexisting condition limitations of up to six months on any added benefits contained in a new 2010 standardized policy.

The bill is tie-barred to Senate Bill 744, which would amend Chapter 38 to restrict a Medigap insurer's use of genetic information.

MCL 500.3801 et al.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government. It would bring the State into compliance with current Federal regulations regarding Medicare supplement insurance policies. Staff from the Office of Financial and Insurance Regulation have indicated that states that fail to come into compliance with revised Federal law on these policies will be subject to Federal regulation of these types of policies.

Date Completed: 11-12-09

Fiscal Analyst: Steve Angelotti  
Elizabeth Pratt/Maria Tyszkiewicz